

**DANE G HANSEN MEMORIAL MUSEUM & PLAZA**

**Logan, Kansas**

**FINANCIAL STATEMENT AND INDEPENDENT AUDITOR'S REPORT**

**December 31, 2011**

**MAPES & MILLER  
Certified Public Accountants  
Phillipsburg, Kansas 67661**

**DANE G HANSEN MEMORIAL MUSEUM & PLAZA**  
**Logan, Kansas**

**December 31, 2011**

**Board Members**

**Carol Bales, President**  
**Janene Schneider, Vice-President**  
**Linda Toll, Secretary**  
**Polly Bales, Historian**  
**Jim McDonald**  
**Betty Baird**  
**Deb Berg**  
**Staci Hartman**  
**Mariana Kemper**

**Shirley Henrickson, Director**

**DANE G HANSEN MEMORIAL MUSEUM & PLAZA**  
**Logan, Kansas**

**TABLE OF CONTENTS**

		<u><b>Page Numbers</b></u>
	<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>1-2</b>
	<u><b>FINANCIAL SECTION</b></u>	
<b>Statement 1</b>	<b>SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH</b>	<b>3</b>
	<b>NOTES TO FINANCIAL STATEMENT</b>	<b>4-8</b>
	<u><b>SUPPLEMENTARY INFORMATION</b></u>	
<b>Schedule 1</b>	<b>SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET</b>	<b>9</b>
<b>Schedule 2</b>	<b>SCHEDULE OF CASH RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET</b>	<b>10</b>



# **MAPES & MILLER LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

JOHN D. MAPES, CPA, CHTD  
DENIS W. MILLER, CPA, PA  
THOMAS B. CARPENTER, CPA, PA  
DON E. TILTON, CPA, PA  
BRIAN S. THOMPSON, CPA, PA  
REBECCA A. LIX, CPA, PA

418 E HOLME  
NORTON, KS 67654  
(785)877-5833

P.O. BOX 266  
711 3<sup>RD</sup> STREET  
PHILLIPSBURG, KS 67661  
(785)543-6561

P.O. BOX 508  
503 MAIN STREET  
STOCKTON, KS 67669  
(785)425-6764

306 N POMEROY  
HILL CITY, KS 67642  
(785)421-2163

PO BOX 412  
QUINTER, KS 67752  
(785)754-2111

117 N MAIN ST  
WAKEENEY, KS 67672  
(785)743-5513

## **INDEPENDENT AUDITOR'S REPORT**

**Director and Board Members  
Dane G Hansen Memorial Museum & Plaza  
Logan, Kansas 67646**

**We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of the Dane G Hansen Memorial Museum & Plaza, Logan, Kansas, a component unit of the City of Logan, Kansas, as of and for the year ended December 31, 2011, as listed in the table of contents. This financial statement is the responsibility of the Dane G Hansen Memorial Museum & Plaza, Logan, Kansas' management. Our responsibility is to express an opinion on this financial statement based on our audit.**

**We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.**

**As described more fully in Note 1, the Dane G Hansen Memorial Museum & Plaza, Logan, Kansas has prepared this financial statement using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.**

**In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Dane G Hansen Memorial Museum and Plaza, Logan, Kansas as of December 31, 2011, or the respective changes in financial position for the year then ended.**

Director and Board Members  
Logan, Kansas  
December 17, 2012  
Page Two

Also, in our opinion, the financial statement referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Dane G Hansen Memorial Museum & Plaza, Logan, Kansas, as of December 31, 2011, and its cash receipts and expenditures, for the year then ended on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget and individual fund schedules of cash receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the statutory financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Respectfully submitted,

*Mapes & Miller LLP*  
Certified Public Accountants

December 17, 2012  
Phillipsburg, Kansas

**DANE G. HANSEN MEMORIAL MUSEUM & PLAZA**  
Logan, Kansas

Statement 1

**SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH**  
For the Year Ended December 31, 2011

<b>FUNDS</b>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Governmental Type Funds:							
General Fund							
General Operating Fund	\$ 78,798	\$ -	\$ 323,540	\$ 292,592	\$ 109,746	\$ 7,357	\$ 117,103
Total Reporting Entity	<u>\$ 78,798</u>	<u>\$ -</u>	<u>\$ 323,540</u>	<u>\$ 292,592</u>	<u>\$ 109,746</u>	<u>\$ 7,357</u>	<u>\$ 117,103</u>

Composition of Cash:

Cash on Hand	\$ 300
NOW Account	<u>116,803</u>
Total Reporting Entity	<u>\$ 117,103</u>

The notes to the financial statement are an integral part of this statement.

**DANE G HANSEN MEMORIAL MUSEUM & PLAZA**  
Logan, Kansas

**NOTES TO FINANCIAL STATEMENT**  
December 31, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Dane G Hansen Memorial Museum & Plaza, Logan, Kansas, a component unit of the City of Logan, Kansas was formed on April 10, 1973. The Museum and Plaza promotes cultural interests in all fields of art, including but not limited to, loan exhibitions for gallery programs, exhibition previews, care and enrichment of the Museum and Plaza's permanent collections, local and area school participation, publicity of the arts, and membership and attendance benefits. The Museum and Plaza offers continued education programs and any other activities in the arts. The Board members are elected by secret ballot with approval by a majority vote of the Logan City Council and may serve a total term of four years.

Component Unit of the City of Logan – Dane G. Hansen Memorial Museum & Plaza, a component unit of the City of Logan, was created under the provisions of the laws of the State of Kansas. The purpose of the agency is to promote cultural interest in all fields of the arts. The Dane G. Hansen Memorial Museum & Plaza of the City of Logan is considered a component unit of the City of Logan, Kansas. This is due to the City's ability to control the Dane G. Hansen Memorial Museum & Plaza governing board. The governing board employs executives; sets the working budget, and authorizes contracts for exhibit displays.

Component Units of the Dane G. Hansen Memorial Museum & Plaza – Generally accepted accounting principles of the United States of America require that the financial statement present the accounts and operations of the Dane G. Hansen Memorial Museum & Plaza and its component units, entities for which the entity is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the entity's operations. If component units exist, data from these units are combined with data from the Dane G. Hansen Memorial Museum & Plaza. Each discretely presented component unit, if any, would be reported in a separate column in the combined financial statement to emphasize that it is legally separate from the Dane G. Hansen Memorial Museum & Plaza. As of December 31, 2011, and for the fiscal year then ended, the Dane G. Hansen Memorial Museum & Plaza had no discretely presented component units or any component units required to be blended in these financial statement.

**FUND ACCOUNTING**

The accounts of the Museum and Plaza are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Funds are classified into three categories: governmental, proprietary, and fiduciary. Within each of these three categories there are one or more fund types. The Museum and Plaza uses the following fund types:

## Governmental Type Funds

**General Fund** - The general fund is used to account for all financial resources except those required to be accounted for in another fund.

## BASIS OF ACCOUNTING

**Statutory Basis of Accounting** - The statutory basis of accounting, as used in the preparation of these statutory basis financial statement, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The Museum and Plaza has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

**Departure from Accounting Principles Generally Accepted in the United States of America-** The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles in the United States of America. Capital fixed assets that account for the land, buildings, and equipment owned by the Museum and Plaza are not presented in the financial statement. Also, long-term debt such as general obligation bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statement.

## LEAVE POLICIES

### Vacation Pay

Vacation pay is a liability of the employer to the employee. Each full-time employee who has worked at least one year but less than five years receives twelve days paid vacation per year. An employee who has worked five years but less than ten years receives fifteen days paid vacation per year. For every five years worked after ten years the employee receives an additional three days vacation. Employees may carry over a maximum of five days of their vacation time from one year to the next and authorized accrued leave will be payable upon termination in good standing.



### Sick Pay

Sick leave is an accumulated liability of the employer to the employee. Each full-time employee is credited with twelve days sick leave as of the first day of employment and after each anniversary date. Sick leave can be accumulated up to sixty days and is payable up to one-half the number of days accrued upon termination in good standing.

The cost of accumulated vacation and sick pay as of December 31, 2011 was estimated to be \$9,476 for the Dane G Hansen Memorial Museum & Plaza, Logan, Kansas.

### REIMBURSEMENTS

Reimbursements are defined as repayments of amounts remitted on behalf of another party. All reimbursements shown in the financial statement meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursement was directly tied to the amount of the original cash disbursement.

## **2. BUDGETARY INFORMATION**

A legal operating budget is not required for the Dane G Hansen Memorial Museum & Plaza, Logan, Kansas.

## **3. COMPLIANCE WITH KANSAS STATUTES**

(1) K.S.A. 10-1117 requires the Director to maintain a record of each fund's indebtedness and contracts creating a liability against the Museum and Plaza. The records did not include fund indebtedness and contracts for the year ended December 31, 2011, violating K.S.A. 10-1117.

(2) The Museum and Plaza is not aware of any other noncompliance with Kansas Statutes.

## **4. DEFINED CONTRIBUTION PLAN**

The Dane G Hansen Memorial Museum & Plaza provides pension benefits for full time employees through 401(a) Money Purchase Pension Plan established by the Dane G Hansen Memorial Museum & Plaza, Logan, Kansas. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All employees who work 1,000 hours or more per year will be eligible for the plan on the first day of the month following the date on which they have both completed one year of service and attained age eighteen.

The employer contribution is required to be 4.00 percent of an employee's annual salary. The employee is required to contribute 3.00 percent of their annual salary. This contribution is generally made each pay period.

The employer is also required to contribute for past service for each employee and that contribution will be equal to 7.00 percent of an employee's annual salary on the effective date of the plan multiplied by the number of completed years of continuous service between the time the employee attained age eighteen and completed one year of service and the effective date of the plan.

The employer's past service contribution will be amortized in equal monthly installments from the effective date of the plan to the employee's normal retirement date. The employer is also contributing 2.30 percent of the pension contribution for a disability waiver.

The Museum and Plaza's contributions for each employee are vested at 20.00 percent after three years and then increase at the rate of 20.00 percent per year until the employee is 100.00 percent vested after seven years of service. Pension records for the Dane G Hansen Memorial Museum & Plaza, Kansas are not maintained separately from the records of Logan Community Health Services, therefore, information for the Dane G Hansen Memorial Museum & Plaza, Kansas for covered pension payroll, employer and employee required contributions are not available.

## **5. DEPOSITS AND INVESTMENTS**

### **Deposits**

As of December 31, 2011, the Dane G Hansen Memorial Museum & Plaza had no investments. K.S.A. 9-1401 establishes the depositories which may be used by the Museum and Plaza. The statute requires banks eligible to hold the Museum and Plaza's funds have a main or branch bank in the county in which the Museum and Plaza is located or in an adjoining County, if such an institution has been designated as an official depository and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Museum and Plaza has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Museum and Plaza's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Museum and Plaza has no investment policy that would further limit its investment choices.

### **Concentration of Credit Risk**

State statutes place no limit on the amount the Museum and Plaza may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

### **Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Museum and Plaza's deposits may not be returned to it. State statutes require the Museum and Plaza's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas Museum and Plaza, or the Federal Home Loan Bank of Topeka, except during the designated "peak periods" when required coverage is 50%. All deposits were blanketed under the City of Logan's pledged collateral and were legally secured at December 31, 2011.

At December 31, 2011, the Museum and Plaza's carrying amount of deposits was \$116,803 and the bank balance was \$51,919. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance \$51,919 was collateralized with securities held by the pledging financial institutions agents in the City of Logan's name.

### **Custodial Credit Risk – Investments**

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Museum and Plaza will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

## **6. OTHER POST EMPLOYMENT BENEFITS**

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Museum and Plaza through the City of Logan, Kansas makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage.

## **7. RISK MANAGEMENT**

The Museum and Plaza is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters for which the Museum and Plaza purchases commercial insurance.

During the year ended December 31, 2011, the Museum and Plaza reduced insurance coverage from levels in place during the prior year due to exhibit completion. No settlements have exceeded coverage levels in place during the past three fiscal years.

**DANE G HANSEN MEMORIAL MUSEUM & PLAZA**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**DANE G. HANSEN MEMORIAL MUSEUM & PLAZA**  
**Logan, Kansas**

**Schedule 1**

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**  
**(Budgeted Funds Only)**  
**For the Year Ended December 31, 2011**

<b>FUNDS</b>	<b>Certified Budget</b>	<b>Adjustment for Qualifying Budget Credits</b>	<b>Total Budget for Comparison</b>	<b>Expenditures Chargeable to Current Year</b>	<b>Variance Over (Under)</b>
--------------	-----------------------------	---	--	--	--------------------------------------

The Dane G. Hansen Memorial Museum & Plaza is not legally required to publish a budget.

**DANE G. HANSEN MEMORIAL MUSEUM & PLAZA**  
Logan, Kansas

Schedule 2

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2011

**GENERAL OPERATING FUND**

	Actual	Budget	Variance Over (Under)
<b>RECEIPTS</b>			
Grants & Donations	\$ 280,000	\$ 280,000	\$ -
Interest on Idle Funds	117	661	(544)
Appropriation from City of Logan	24,000	24,000	-
Arts & Crafts	1,000	1,200	(200)
Artist of the Month	2,306	2,418	(112)
Continued Education	9,371	7,000	2,371
Memberships	2,770	4,400	(1,630)
Other	3,976	1,972	2,004
	<u>323,540</u>	<u>\$ 321,651</u>	<u>\$ 1,889</u>
<b>EXPENDITURES</b>			
Advertising	4,267	\$ 3,000	\$ 1,267
Artist of the Month	4,071	6,000	(1,929)
Arts & Crafts	10,795	10,000	795
Auto Expense	2,049	1,455	594
Continued Education	15,164	15,000	164
Exhibits	23,138	57,000	(33,862)
Insurance	7,150	7,000	150
Office Expense	17,808	16,000	1,808
Other Museum Expense	2,174	2,951	(777)
Building Maintenance & Expense	13,178	8,500	4,678
Equipment & Repairs	2,353	3,000	(647)
Grounds Maintenance & Expense	4,419	7,000	(2,581)
Labor Day	27,495	25,000	2,495
Telephone	3,306	3,000	306
Utilities	43,653	41,745	1,908
Payroll & Employee Benefits	111,572	115,000	(3,428)
	<u>292,592</u>	<u>\$ 321,651</u>	<u>\$ (29,059)</u>
<b>Receipts Over (Under) Expenditures</b>	<u>30,948</u>		
<b>UNENCUMBERED CASH, January 1, 2011</b>	<u>78,798</u>		
<b>UNENCUMBERED CASH, December 31, 2011</b>	<u>\$ 109,746</u>		